

IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF MISSOURI

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil No. 06-cv-306 WN KL
	)	
DONALD R. BUSHNELL, individually and	)	
d/b/a Bushnell Contract Labor Service,	)	
	)	
Defendant.	)	
_____	)	

**COMPLAINT FOR PERMANENT INJUNCTION**

This is a civil action brought by the United States to permanently enjoin defendant Donald R. Bushnell from preparing federal income tax returns for others and advising, counseling, or instructing anyone about the preparation of a federal tax return.

**Jurisdiction**

1. This action has been requested by the Chief Counsel of the Internal Revenue Service, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402(a) and 7407.

2. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1340 and 1345 and I.R.C. §§ 7402(a) and 7407.

3. Bushnell resides within this judicial district in Kansas City, MO 64132.

**Facts Common to All Counts**

4. Bushnell prepares or assists in the preparation of federal income tax returns for other people for compensation.

5. Bushnell operates his return-preparation business out of his home in Kansas City, Missouri under the name Bushnell Contract Labor Services.

6. Between January 1, 2001 and June 6, 2005, Bushnell prepared 970 federal income tax returns for customers.

7. Of these 970 returns, a total of 653 contained a Schedule C "Income from Self-Employment" reporting a business loss.

8. The IRS has thus far audited 186 Bushnell customers, and found that all of their returns contained false information.

9. Typically, Bushnell-prepared returns contain either fabricated or inflated business losses on the Schedules C.

10. Many of the returns Bushnell prepares also contain false dependent deductions and claim false filing status.

11. Bushnell's widespread fraud causes harm to the United States and to the public.

12. The IRS has issued erroneous refunds based on fraudulent returns prepared by Bushnell and has had to audit Bushnell's customers and take collection action to attempt to recoup the funds.

13. The IRS estimates that the federal income tax returns Bushnell prepares contain an average tax understatement of \$4,000 per return, for a total estimated loss of at least \$2.6 million.

14. The IRS has spent considerable time and resources auditing returns prepared by Bushnell and collecting the taxes owed and erroneous refunds paid.

15. Bushnell has also harmed his customers because they pay Bushnell to prepare these

fraudulent returns, and, after the audit, are responsible for paying all deficiencies, interest, and penalties.

**Count I:  
Injunction under I.R.C. § 7407 for Violation of I.R.C. § 6694**

16. The United States incorporates by reference the allegations in paragraphs 1 through 15.

17. I.R.C. § 7407 authorizes a court to issue an injunction if an income tax return preparer engages in conduct subject to penalty under I.R.C. § 6694.

18. I.R.C. § 6694(a) penalizes a tax return preparer if (1) the preparer prepares a return or claim for refund that includes an understatement of liability due to a position for which there is not a realistic possibility of being sustained on the merits; (2) the preparer knew (or reasonably should have known) of such position; and (3) the position was not disclosed in accordance with IRC § 6662(d)(2)(B)(ii) or the position was frivolous.

19. I.R.C. § 6694(b) penalizes a tax return preparer who prepares a return or claim with an understatement of liability (1) in a willful attempt to understate the liability or (2) with a reckless and intentional disregard of rules or regulations.

20. Bushnell's conduct as described above is subject to penalty under §§ 6694(a) and 6694(b).

21. Bushnell has prepared income tax returns that include understatements of his customers' liability which had no realistic possibility of being sustained on the merits. Bushnell knew or reasonably should have known about these understatements. Bushnell did not disclose them in accordance with IRC § 6662(d)(2)(B)(ii), and the understatements are frivolous.

Bushnell has thus engaged in conduct subject to penalty under § 6694(a).

22. Bushnell prepares returns for customers with false entries in a willful attempt to understate the customers' liability or with a reckless and intentional disregard of rules and regulations. Bushnell has thus engaged in conduct subject to penalty under § 6694(b).

23. Bushnell has continually and repeatedly engaged in conduct that violates § 6694. An injunction merely prohibiting Bushnell from engaging in conduct subject to penalty under § 6694 would not be sufficient to prevent his interference with the proper administration of the tax laws. Accordingly, Bushnell should be permanently enjoined from acting as an income tax return preparer.

**Count II:  
Injunction under I.R.C. § 7402(a) for Unlawful Interference  
with Enforcement of the Internal Revenue Laws  
and Appropriateness of Injunctive Relief**

24. The United States incorporates by reference the allegations in paragraphs 1 through 23.

25. I.R.C. § 7402(a) authorizes a court to issue orders of injunction as may be necessary or appropriate to enforce the internal revenue laws.

26. I.R.C. § 7402(a) expressly provides that its injunction remedy is "in addition to and not exclusive of" other remedies for enforcing the internal revenue laws.

27. Bushnell, through the actions described above, has engaged in conduct that interferes substantially with the enforcement of the internal revenue laws.

28. Bushnell's conduct causes irreparable harm to the United States and to his customers.

29. Bushnell is causing and will continue to cause substantial revenue losses to the United States Treasury, much of which may be unrecoverable.

30. If Bushnell is not enjoined, he is likely to continue to engage in conduct that interferes with the enforcement of the internal revenue laws.

31. The United States will suffer irreparable injury if Bushnell is not enjoined.

32. The public interest would be advanced by enjoining Bushnell because an injunction will stop his illegal conduct and the harm that conduct is causing to the United States Treasury.

WHEREFORE, the United States of America, respectfully prays for the following:

A. That the Court find that Bushnell has continually and repeatedly engaged in conduct subject to penalty under I.R.C. § 6694, and that, pursuant to I.R.C. § 7407, an injunction prohibiting such conduct would not be sufficient to prevent Bushnell's interference with the proper administration of the tax laws and that Bushnell should be enjoined from acting as an income tax return preparer;

B. That the Court find that Bushnell is interfering with the enforcement of the internal revenue laws and that injunctive relief is appropriate to prevent the recurrence of that conduct pursuant to I.R.C. § 7402(a) and the Court's inherent equity powers;

C. That this Court, pursuant to I.R.C. § 7407, enter a permanent injunction prohibiting Bushnell, individually and doing business under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from directly or indirectly acting as a federal income tax return preparer;

D. That this Court, pursuant to I.R.C. § 7402(a), enter a permanent injunction prohibiting Bushnell, individually and doing business under the various names listed in this complaint or

under any other name or using any other entity, and his representatives, agents, servants, employees, attorneys, and those persons in active concert or participation with him, from directly or indirectly:

1. Preparing or filing (or assisting in the preparation or filing of) any federal tax return for anyone other than himself;
2. Advising, counseling, or instructing anyone about the preparation or filing of a federal tax return;
3. Representing customers in connection with any matter before the IRS; and
4. Engaging in other similar conduct that substantially interferes with the administration and enforcement of the internal revenue laws.

E. That this Court, pursuant to I.R.C. § 7402(a), require Bushnell at his own expense to contact by mail all customers for whom he has prepared federal tax returns, including amended returns, or assisted in preparing tax returns, and send them a copy of this Complaint and the permanent injunction order, and to certify to the Court within eleven days of entry of the permanent injunction that he has complied with this provision;

F. That this Court require Bushnell to identify by name, social security number or other taxpayer identification number, address, e-mail, and telephone number all parties for whom he has prepared (or helped to prepare) a federal tax return.

G. That this Court permit the United States to conduct post-judgment discovery to ensure Bushnell's compliance with the permanent injunction; and

H. That this Court grant the United States such other relief, including costs, as is just and equitable.

Respectfully submitted,

BRADLEY J. SCHLOZMAN  
United States Attorney

s/ Hilarie E. Snyder

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